

March 18, 2010

*Bipartisan legislation will create jobs and strengthen the economy*

Washington, DC - Ways and Means Committee Member Linda Sánchez applauded the signing of the Hiring Incentives to Restore Employment (HIRE) Act by President Barack Obama today. The HIRE Act will create hundreds of thousands of new small business and construction jobs this year, spur private sector hiring, and help rebuild our crumbling infrastructure. This bill is just one step in a series of initiatives this Congress is taking to put Americans back to work and to restore the American economy.

“This law will encourage businesses to hire and help put Americans back to work this year and it’s fully paid for to make sure that we do not saddle the next generation with the cost of these job-saving efforts,” said Rep. Linda Sánchez. “While this jobs bill is absolutely necessary, it’s by no means enough. There’s a lot more that we’re going to need to do to and bring about full economic recovery -- from helping small businesses to get loans that they need, to offering incentives to make homes and businesses more energy efficient, to investing in aging infrastructure so we can put Americans to work rebuilding roads, parks, and schools.”

The HIRE Act includes a payroll tax holiday for businesses that hire unemployed workers, to create some 300,000 jobs, and an income tax credit of \$1,000 for businesses that retain these employees. It also includes tax cuts to help small businesses invest, expand, and hire more workers, provisions to make it easier for states to take up infrastructure projects such as school construction and energy retrofitting, and continues requirements ensuring that a portion of the highway and transit funding goes to minority-owned businesses, which is especially important in our community.

The bill includes the following provisions:

**New Tax Incentives for Businesses to Hire Unemployed Workers**

" Tax incentives for businesses to spur immediate job growth. A new payroll tax exemption to provide employers with incentives to hire and retain new employees. The bill provides businesses with an exemption from Social Security payroll taxes for every worker hired in 2010 who has been unemployed for at least 60 days. (The maximum value of this incentive is \$6,621, which equals to 6.2 percent of wages paid in 2010 up to the FICA wage cap of \$106,800.) The longer that a business has a new qualified worker on its payroll, the greater the tax benefit. The House amendments incorporate an IRS fix to make sure that small businesses can take advantage of the payroll tax holiday.

" Bonus for Keeping Employees Long Term. Provides an additional \$1,000 income tax credit for every new employee retained for 52 weeks.

**Spur Small Business Investments to Grow**

" Small Business Expensing. Extends Recovery Act provisions that double the amount small businesses can immediately write off their taxes for capital investments and purchases of new equipment made in 2010 from \$125,000 to \$250,000. This will help small business make the investments they need to grow and hire more workers.

### Highways and Infrastructure

" School Construction, Energy Conservation and Renewable Energy. Expands Build America Bonds' successful direct payment option to include the issuers of qualified school construction bonds, qualified zone academy bonds, clean renewable energy bonds, and qualified energy conservation bonds.

" Transportation Extension. Extends surface transportation programs through December 31, 2010 to provide states and localities with the certainty they need to make decisions on capital-intensive projects and allow for billions more to be invested in infrastructure throughout the United States. It includes language continuing the application and enforcement of the minority-owned business enterprise contracting requirements for surface transportation projects.

" Avoiding a Highway Shortfall & Bolstering the Trust Fund. Transfers approximately \$20 billion from the General Treasury and to the Highway Trust Fund (HTF), as the HTF is estimated to run short of funds in June. This transfer will reimburse the HTF for interest it should have collected in the past and will allow the federal government to support existing federal highway and transit programs through the end of this year at the levels authorized for Fiscal Year 2009.

" Critical to Job Creation. Every \$1 billion in federal funds invested in infrastructure creates about 34,700 jobs. Given that construction-related manufacturing is operating at only 68 percent of capacity and has an unemployment rate of nearly 25 percent, these investment provisions will go a long toward our neighbors back to work.

### Offsets

" Cracks down on Overseas Tax Havens. Provides the U.S. Treasury Department with significant new tools to find and prosecute U.S. individuals that hide assets overseas from the Internal Revenue Service. The bill would require new reporting by foreign financial institutions to give the IRS more data to detect fraud and tax evasion.

" Delaying tax break for foreign interest payments. Delays for 3 years (through 2020) a questionable tax break enacted in 2004 that would let U.S. multinational companies that have shipped jobs overseas reduce their U.S. taxes by deducting more of their worldwide interest income against their U.S. income. This provision has not gone into effect, and not one company currently utilizes this provision.

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